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 CENTRAL INTELLIGENCE AGENCY
 WASHINGTON, D.C. 20505

13 MAY 1976

Mr. James M. Frey
 Assistant Director for Legislative Reference
 Office of Management and Budget
 Washington, D.C. 20503

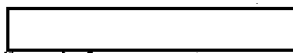
Dear Mr. Frey:

Enclosed is a proposed report to Chairman Brooks, House Committee on Government Operations, in response to a request for our recommendations on H.R. 10921, the "Consumer Cost Evaluation Act of 1975."

Advice is requested as to whether there is any objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

SIGNED


 Legislative Counsel

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Enclosure

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Honorable Jack Brooks, Chairman
Committee on Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for the views of this Agency on H.R. 10921, the "Consumer Cost Evaluation Act of 1975."

Section 4 of H.R. 10921 would require that a consumer cost assessment statement accompany Federal agency proposals for legislation and proposed regulations which may have a significant impact on costs to consumers. Such assessment would set forth the impact on costs to consumers, both direct and indirect, that would result from such proposal; alternatives to the proposal; the benefits to consumers, the public, or any segment thereof, to be derived from such proposal; and an evaluation of the relationship between such benefits and the costs to consumers from such proposal.

Subsection (d) of section 4 provides:

(d) The provisions of this section with respect to the preparation of draft and final consumer cost assessments shall not be applicable to proposals for legislation or regulations (1) involving a military or foreign affairs function of the United States, or (2) relating to agency management or personnel or to public property.

Because foreign intelligence is both a military function and a foreign affairs function, this provision would exempt the foreign intelligence activities of this Agency and other agencies of the United States intelligence community. This exemption is appropriate and consistent with the recent action of the House of Representatives and the Senate, in passing legislation to establish a new consumer protection agency which exempted CIA from the purview of the Act. This was in recognition of the fact that "The ... agencies which are exempted obviously do not involve interests of consumers...." Senate Committee on Government Operations, Consumer Protection Act of 1975, S. Rept. No. 66, 94th Cong., 1st Sess., 45 (1975).



It is not clear, however, whether the exemption for military or foreign affairs functions which applies to Federal agencies under section 4 also extends to congressional committees under section 8. If not, the consumer cost assessments to be prepared and published by congressional committees in connection with proposed legislation could result in the disclosure of sensitive intelligence activities. It is believed that extending the exemption for military and foreign affairs to congressional committees is appropriate and necessary. Therefore, the Central Intelligence Agency recommends that the exemption in section 4(d) be more clearly made applicable to assessments required under section 8.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

George Bush
Director